

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**IN RE:**

January 8, 2002

**BELLSOUTH TELECOMMUNICATIONS, INC.  
TARIFF TO INCREASE ANALOG PRIVATE  
LINE SERVICE RATES**

**DOCKET NO.  
01-00483**

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**ORDER APPROVING TARIFF**

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This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on June 26, 2001, for consideration of BellSouth Telecommunications, Inc.'s ("BellSouth") Tariff to Increase Analog Private Line Service Rates ("Tariff"). BellSouth filed the Tariff with the Authority on June 4, 2001 with a proposed effective date of July 1, 2001.

The Tariff seeks to increase rates for a large number of analog and digital private line services. Analog and digital private line services are used by small to medium-sized businesses for voice grade communications or data transport between two or more customer locations at speeds ranging from 2.4 Kbps to 1.544 Mbps. Under the Tariff, various ordering and engineering rates will also be increased.

BellSouth proposes these rate increases pursuant to its price regulation plan. Tenn. Code Ann. § 65-5-209(h) allows incumbent local exchange companies ("ILECs") operating pursuant to a price regulation plan to price non-basic services as they deem appropriate according to a statutory formula as long as total revenues in the non-basic category do not exceed the revenue cap. BellSouth has proposed that these services be categorized as non-basic. Even though these dedicated lines are used for voice grade and/or data communications, the Authority does not

consider them to fall under the definition of basic local exchange telephone services as set forth in Tenn. Code Ann. § 65-5-208(a)(1). The statutory definition set forth in § 65-5-208 refers to switched voice or data transmission within a local calling area. Calls made via private lines are not switched over the public network, but instead are transmitted over dedicated facilities. For this reason, the Authority finds that private line services are correctly categorized in the Tariff as non-basic services.

According to data provided by BellSouth, the proposed rate increases under the Tariff will result in additional annual revenues of 3.3 million dollars (\$3,300,000) to BellSouth. Currently, BellSouth has 13.8 million dollars (\$13,800,000) available in headroom.<sup>1</sup> Therefore, the proposed revenue increase will not result in BellSouth's aggregate revenues exceeding its allowable cap.

Tenn. Code Ann. § 65-5-209(h) permits ILECs to price non-basic services as they deem appropriate, provided such pricing is done "upon prior notice to affected customers." While the statute requires notice to affected customers, it does not provide specificity regarding the manner in which such notice should be provided. In this instance, BellSouth provided notification by having a summary of proposed changes in rates published in newspapers of general circulation.

Upon finding that the proposed rate increases under the Tariff do not result in BellSouth's aggregate revenues exceeding the allowable revenue cap and are consistent with the price cap statutes, the Directors voted unanimously to approve BellSouth's Tariff to Increase Analog Private Line Service Rates.

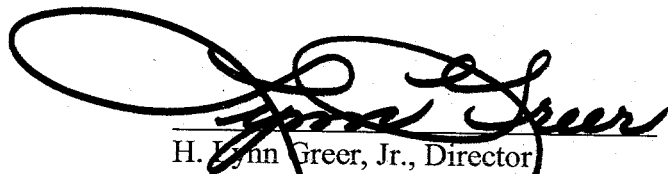
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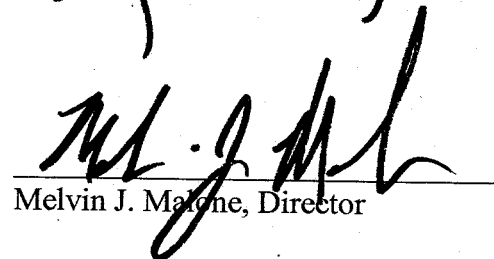
<sup>1</sup> Headroom represents the difference between actual aggregate revenues and aggregate revenues allowable under the formula set forth in Tenn. Code Ann. § 65-5-209(e).

**IT IS THEREFORE ORDERED THAT:**

BellSouth Telecommunications, Inc.'s Tariff to Increase Analog Private Line Service Rates is approved.

  
Sara Kyle, Chairman

  
H. Lynn Greer, Jr., Director

  
Melvin J. Malone, Director

ATTEST:

  
K. David Waddell, Executive Secretary